

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (5/23):**

BUTTER: Grade AA closed at \$1.0950. The weekly average for Grade AA is \$1.0942 (+.0067).

CHEESE: Barrels closed at \$1.0975 and blocks at \$1.1325. The weekly average for barrels is \$1.0950 (-.0235) and blocks, \$1.1335 (-.0035).

NONFAT DRY MILK: Extra Grade closed at \$0.8400 and Grade A at \$0.8400. The weekly average for Extra Grade is \$0.8400 (N.C.) and Grade A, \$0.8400 (N.C.).

BUTTER: At the CME, the cash butter price continues to adjust fractionally within a narrow range. The current cash price is nearly 7 cents higher than it was last year at this time. Conversations among the industry are speculating on a support tilt in the near term. Some producers and handlers are attributing firmness in cash and futures prices to this possibility. Early in the week, USDA announced that it is making an additional 5,000 mt of butterfat available by invitation under this year's DEIP. This will bring total butterfat invitations for the July-June 2002/2003 program to 10,000 mt. The total DEIP allocation for the year is 21,097 mt. Churning activity is seasonally strong and is expected to possibly be heavier over the upcoming holiday weekend when additional cream offerings are expected. Stocks of butter continue to run heavier than last year with overall sales reported as fair at best.

CHEESE: The cheese market is unsettled. Demand for cheese is lackluster at best, but some improved orders for the Memorial Day weekend were delivered this week. Production levels are increasing in more areas as surplus milk volumes are increasing seasonally. This week at the CME, prices have moved both higher and lower in a narrow range. Cheese stocks are more than ample to cover current needs. CCC announced contracts were awarded to sell to CCC between 11.5 and 28.2 million pounds of Natural American cheese for July 1, 2003, through June 30, 2004, delivery. Title to some CCC-owned NDM inventory is included as part of the cheese payment.

FLUID MILK: Milk production patterns across the country range from continued growth to seasonal declines. In Southern states from Florida across the country to Southern California, high, and in instances, record setting temperatures are starting to accelerate production declines. Further north, production milk patterns continue to increase seasonally. Most milk handlers indicate that they do not foresee any significant problems developing for the handling of milk during the upcoming Memorial Day holiday weekend. Cream markets are generally steady. Cream handlers anticipate cream supplies to be heavy late in the week and over the holiday weekend with churns absorbing the majority of surplus offerings. Ice cream production schedules are seasonally active, but many will reduce their production schedules due to the holiday weekend.

DRY PRODUCTS: Nonfat dry milk prices are basically unchanged on a steady market. Current stocks are readily available for spot and contractual needs. Excess continues to clear to CCC from all regions of the country. Producers and handlers continue to question what impact the NDM-for-cheese will have on commercial powder markets. Some speculate that this will disrupt the market, when shipments begin (possibly as early as July). Buttermilk powder markets are generally weak with prices unchanged to lower. Interest in dry buttermilk is lackluster. Sales of condensed buttermilk clear the majority available, a typical pattern for this time of year. Whey powder markets are weak with prices unchanged to lower. Production levels range from moderate to heavy as more surplus milk is available to cheese makers. However, some cheese makers are limiting the volumes of milk they are taking in during this flush and holiday weekend.

CCC: For the week of May 19 - 23, CCC purchased 994,171 pounds of bulk and 369,360 pounds of packaged butter from the West. Net cheese purchases totaled 118,800 pounds of Central process. Net purchases of NDM total 12,296,207 pounds. The following are regional NDM purchases: Central 895,462 pounds; East 1,104,327 pounds; and West 10,296,418 pounds.

APRIL FEDERAL MILK ORDER PRICE AND POOL SUMMARY (DAIRY PROGRAMS): During April, about 10.5 billion pounds of milk were received from producers. This volume of milk is 4.5% lower than the April 2002 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is -3.8%.) About 3.8 billion pounds of producer milk were used in Class I products, 0.8% lower than the previous year. The timing of the Easter season, as well as calendar composition, likely had a negative impact on milk used in Class I in 2003 as compared to 2002. The all-market average Class utilization percentages were: Class I = 36%, Class II = 10%, Class III = 43%, and Class IV = 11%. The weighted average statistical uniform price was \$10.75 per cwt., \$.06 higher than last month, and \$1.51 lower than last year.

APRIL MILK PRODUCTION (NASS): Milk production in the 20 major states during April totaled 12.7 billion pounds, up 0.8% from April 2002. March revised production, at 13.0 billion pounds, was up 1.2% from March 2002. The March revision represented a decrease of 0.2% or 27 million pounds from last month's preliminary production estimate. Production per cow averaged 1,625 pounds for April, 4 pounds (+0.2%) above April 2002. The number of cows on farms was 7.80 million head, 42,000 head (+0.5%) more than April 2002, but 11,000 head less than March 2003.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base price for Class I milk for June 2003 is \$9.74. This price is derived from the higher of the advanced Class III or IV skim milk pricing factors and the advanced butterfat pricing factor. For the month of June 2003, the Class III and Class IV skim milk pricing factors were the same at \$5.92 and the advanced butterfat pricing factor was \$1.1500 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for June is \$6.62 and the Class II nonfat solids price is \$0.7356 per pound. The following are the two-week product price averages: butter \$1.0733, nonfat dry milk \$0.8043, cheese \$1.1420, and dry whey \$0.1448.

COLD STORAGE (NASS): During April, U.S. cold storage holdings of butter totaled 265.3 million pounds, 7% more than a month ago and 35% more than last April. Natural American cheese holdings total 534.1 million pounds, 1% heavier than a month ago and 4% more than a year ago.

DAIRY SITUATION AND OUTLOOK (ERS): The very low prices of 2002 and 2003 probably will generate substantial adjustments in production and use of milk and dairy products during 2004. However, initial adjustments have been very slow to begin and quite modest, failing to develop much momentum. At this pace, considerable time will be needed for enough slowing in production and recovery in use to eat away the current surplus and commercial stocks. First projections of 2004 dairy markets show only a slight rebound from this year's very low prices. Commercial use of dairy products is expected to grow fairly briskly in 2004. The much lower prices should progressively stimulate sales, particularly in the restaurant and food processor markets. However, growth in dairy demand is not likely to fully recover from the 2002-03 slippage. Although the economy is expected to grow, there are a number of lingering weak spots and a seeming lack of vigor. Also, consumers evidently have shifted spending away from food.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY MAY 19	TUESDAY MAY 20	WEDNESDAY MAY 21	THURSDAY MAY 22	FRIDAY MAY 23	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.0925 (-.0025)	\$1.0925 (N.C.)	\$1.0950 (+.0025)	\$1.0975 (+.0025)	\$1.0975 (N.C.)	(.0025)	\$1.0950 (-.0235)
40# BLOCKS	\$1.1350 (+.0025)	\$1.1350 (N.C.)	\$1.1325 (-.0025)	\$1.1325 (N.C.)	\$1.1325 (N.C.)	(N.C.)	\$1.1335 (-.0035)
BUTTER							
GRADE AA	\$1.0925 (+.0050)	----	\$1.0950 (+.0025)	----	\$1.0950 (N.C.)	(+.0075)	\$1.0942 (+.0067)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$8400 and Grade A price is \$8400. NDM information remains available at the above internet address.) NOTE: TH CME will be closed on May 26, for the observance of Memorial Day.

CHICAGO MERCANTILE EXCHANGE

MONDAY, MAY 19, 2003

CHEESE — SALES: 2 CARS BARRELS: 1 @ \$1.0925, 1 @ \$1.0875; 6 CARS 40# BLOCKS: 1 @ \$1.1300, 5 @ \$1.1325; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0925; 1 CAR 40# BLOCKS @ \$1.1350; OFFERS UNCOVERED: NONE

BUTTER — SALES: NONE; BIDS UNFILLED: 14 CARS GRADE AA: 1 @ \$1.0925, 4 @ \$1.0900, 6 @ \$1.0875, 1 @ \$1.0850, 2 @ \$1.0825; OFFERS UNCOVERED: NONE

TUESDAY, MAY 20, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1400

WEDNESDAY, MAY 21, 2003

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.1325; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0950; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1350

BUTTER — SALES: 5 CARS GRADE AA: 1 @ \$1.1000, 2 @ \$1.0975, 1 @ \$1.0925, 1 @ \$1.0950; BIDS UNFILLED: 5 CARS GRADE AA: 1 @ \$1.0950, 1 @ \$1.0925, 1 @ \$1.0900, 2 @ \$1.0875; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.1000

THURSDAY, MAY 22, 2003

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.0975, 1 @ \$1.0900; OFFERS UNCOVERED: NONE

FRIDAY, MAY 23, 2003

CHEESE — SALES: 3 CARS 40# BLOCKS: 1 @ \$1.1300, 2 @ \$1.1325; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1325; OFFERS UNCOVERED: NONE

BUTTER — SALES: 4 CARS GRADE AA: 2 @ \$1.0975, 2 @ \$1.0950; BIDS UNFILLED: 4 CARS GRADE AA: 3 @ \$1.0925, 1 @ \$1.0900; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.1000, 1 @ \$1.1100

BUTTER MARKETS**APRIL COLD STORAGE**

According to NASS, April month-ending cold storage figures for butter total 265.3 million pounds, 34.9% more than last April and 6.7% heavier than March 2003 holdings.

NORTHEAST

The butter market tone remains steady. At the CME, the price of butter continues to hold at or near the \$1.0900 mark. It has not strayed more the three-quarters of a cent from that figure since late March. Churning activity was off slightly last week when Class II cream demand started to improve. This did keep some cream from the churns, but growing volumes of surplus milk may offset that improved demand. Bulk and packaged butter stocks are growing and demand is lackluster. However, food service orders are picking up as the Memorial Day weekend marks the beginning of summer along the Eastern Shore and fast food outlets are gearing up for anticipated needs. Sales of bulk butter f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

The CME cash butter price is inching upward by fractions of a cent during recent trading sessions, but still in range of where the price has been for most of the spring. Conversations among the industry are speculating on a support tilt in the near term. Some producers and handlers are attributing firmness in cash and futures prices to this possibility. Churning activity remains seasonally strong in the central part of the country. Cream offerings continue to be plentiful from both local and out

of area sources to maintain full production schedules if desired. Many producers anticipate additional cream offerings during the upcoming holiday weekend. Stocks of butter are readily available for the fair at best butter demand. Overall orders have been somewhat heavier as retail and food service outlets prepare for the Memorial Day holiday weekend and the unofficial start of the summer vacation season. Bulk butter for spot sale is in a range of flat to 2 cents per pound over various pricing bases.

WEST

Butter prices at the cash CME market continue to move both higher and lower in the same week by fractions of a cent. There doesn't seem to be a real direction to the trading. Butter futures, however, have shown some strength through all months traded in recent activity. Churning remains heavy as large volumes of cream continue to clear into butter operations. Ice cream plants are taking some additional cream, but demand is slow to develop. Butter demand is fair for this time of the year. Food service orders to outlets gearing up for the upcoming holiday weekend are improving. Butter stocks in CME approved warehouses increased by 5.4 million pounds this past week to stand at 189.2 million pounds. Stocks have increased for 22 consecutive weeks. USDA stocks in Cold Storage warehouses at the end of April total 265.3 million pounds, an increase of 7% from last month and 35% from last year. Stocks are 68.7 million pounds heavier than April 2002. Current prices for bulk butter range from 4 1/2 cents under to 2 cents under the market based on the CME with various time frames and averages (includes CCC sales when applicable).

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

<u>WEEK ENDING</u>	40# BLOCKS	CHEESE	NDM	BUTTER	DRY WHEY
		BARRELS 38% MOISTURE			
MAY 17	1.1367	1.1357	0.8039	1.0699	0.1434
	8,702,052	10,911,969	29,127,645	3,306,535	12,852,294

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

After three consecutive weeks of increases, cheese prices at the CME declined last week. The market tone is somewhat unsettled. Cheese production in the Northeast is steady to heavier as surplus milk supplies increase along seasonal patterns. Cheese stocks are moderate to heavy, depending on variety. Cheddar continues to be put into aging programs. Mozzarella orders are slowing in college communities, but starting to improve in resort areas now that summer or vacation season is getting underway. Retail orders are just fair. Food service deliveries are picking up as distributors fill needs for the Memorial Day weekend.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1975-1.6925
Cheddar Single Daisies	:	1.1550-1.6200
Cheddar 40# Block	:	1.2775-1.5200
Process 5# Loaf	:	1.3275-1.5275
Process 5# Sliced	:	1.3475-1.5950
Muenster	:	1.3600-1.5650
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is about steady. Current offerings are at least adequate for the continuing fair, at best, interest. Inventory is accumulating at many plants. While most packagers and processors will be down for the holiday observance, cheese making is expected to be active. A few producers are reportedly passing along muenster premium increases on traditionally made product (red rind). Others are trying to build extra inventory to cover needs. Mozzarella interest is steady to typically slower seasonally. Most plant operators expect additional milk supplies will be available from bottlers over the holiday weekend. Besides the mozzarella and process awards reported last week, CCC announced on May 15 contracts were awarded for between 11.5 and 28.2 million pounds of natural American cheese for delivery July 1 through June 30, 2004. Current patron milk intakes are steady to occasionally slightly higher. Cheese yields are showing more noticeable declines, especially where grazing is more prevalent.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.2975-1.4600
Brick And/Or Muenster 5#	:	1.4800-1.7950
Cheddar 40# Block	:	1.4400-2.1150
Monterey Jack 10#	:	1.7000-2.1150
Blue 5#	:	1.8875-2.1900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.4300-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.9500-2.6850

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
05/19/03	96,235	:	136,239
05/01/03	86,740	:	134,874
CHANGE	9,495	:	1,365
% CHANGE	11	:	1

WEST

Prices for natural and process cheese items declined a couple of cents following cash trading at the CME last week. Prices had been firming for about three weeks, but gave back much of the increase last week. Demand for cheese seems to be holding at steady levels even with the current price weakness. Many buyers continue to acquire cheese on an as needed basis. Supplies of cheese remain in close balance with current blocks in the tightest position. A few contacts are concerned about aged cheese availability for later in the summer. Contacts are also questioning the availability of Muenster cheese this summer with the closing of a major production plant in Wisconsin. Other manufacturers are examining the possibility of starting or increasing production. Storage stocks of bulk cheese are declining at a number of Western storage facilities. Swiss sales are lagging behind current production levels and stocks are building. Stocks at the end of April stand at 24.2 million pounds, up 54% or 8.5 million pounds from last year. Total cheese stocks are 779.8 million pounds, up 2% or 14.2 million pounds from April 2002.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2675-1.5275
Cheddar 40# Block	:	1.2675-1.4075
Cheddar 10# Cuts	:	1.4475-1.6675
Monterey Jack 10#	:	1.4575-1.6175
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.3700

FOREIGN

Prices are steady to lower this week and the market tone is little changed from previous weeks. The Euro seems to be gaining strength at a rapid pace. This is impacting U.S. importers' ordering practices. The stronger Euro, pushes f.o.b. prices higher and some buyers are showing resistance to these price increases. Reports indicate that cheese prices in some EU countries are moving lower in response to increased production. Also, Italian cheese exports during 2002 totaled 194,000 MT (a record total) or 9% above a year earlier. Supplies of imported and/or foreign-type cheese are mostly adequate to cover current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.5500	: 1.4925-2.9825*
Gorgonzola	: 3.6900-5.9400	: 2.0100-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9025-2.9925*
Romano (Italy)	: 2.1000-3.1900	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.5000-1.7275*
Romano (Cows Milk)	: -0-	: 2.6900-4.8625*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7500-3.7900	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-2.9900	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	209	0	153	0	109
SOUTHEAST STATES	0	0	0	0	0	0

EDITOR'S NOTE: Due to changes in milk supply agreements, milk import/export totals are not directly comparable to year ago figures and to shipments prior to April 1, 2003.

During April, milk production in the 20 major states totaled 12.68 billion pounds, up 0.8% from April 2002. The following are the April-to-April changes for selected states: Texas +4.5%, New York -0.1%, Pennsylvania -1.4%, Vermont -2.6%, Florida -2.7%, Virginia -7.1%, and Kentucky -11.1%. This week, many trade contacts expressed concerned about what reaction consumers will have to the report of a Canadian beef cow testing positive for BSE. The flush appears to be over in most of the Southeast and just getting to it in the North. Milk production is easing in most of the Deep South and into the mid-South. It is holding relatively steady in the Middle Atlantic areas and up into New York and Southern New England. Milk output is still climbing slightly in the far North. The weather has remained cool in most of the region, which is helping maintain the milk flow. Some pasture growth is noted, but is has often been too wet in the Northern areas for cows to be turned out. Heavy rains continue to plague parts of the Southeast and some localized flooding is causing some delays to farm pick-ups. Many Southern schools are recessing this week. This is slowing the need for bottled milk and forcing more milk into manufacturing channels. Southeastern manufacturing capacity is pressured, but contacts report that there is room for more milk should it be needed. Florida's milk exports jumped significantly this week and are expected to remain heavy for the next few weeks. Their milk is clearing to Southeastern and Middle Atlantic plants. Further north, bottled milk sales are steady at best. Surplus milk volumes are heavy and expected to remain heavy through the Memorial Day weekend. However, some contacts feel that they are in great shape to be able to handle whatever milk is available during the holiday weekend. The condensed skim market is steady to weaker, mostly steady. With all the weekend milk expected, some producers feel that it will be difficult to move wet solids without discounting prices. Other makers will just dry their unsold volumes. Demand for wet solids is slower this week. The fluid cream market is mostly steady. Spot prices are mixed, but generally down slightly as the CME butter average declined less than a quarter of a cent last week. Offerings are increasing and Class II demand, though good, is not as brisk as it was last week. Spot sales to cream cheese makers are steady to occasionally improved. Bottling is steady at moderate to heavy levels. Ice cream production is mixed. Some reports indicate that ice cream output is rather sluggish due to cooler weather, while others say the cream sales to ice cream makers are good. The cooler weather is doing little for soft serve mix sales, but the beginning of summer (Memorial Day) should give sales in resort areas a boost. Churning activity is moderate to heavy.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3376-1.4790
DELIVERED EQUIVALENT ATLANTA	-	1.3485-1.4790 M 1.3594-1.3920
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3485-1.4355

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .8500- .9800
NORTHEAST- CLASS III - SPOT PRICES	- .7400- .8000

M I D W E S T

Milk production patterns across the Central part of the country vary from continued growth to slight declines. Dairy plant managers report that receipts are basically trending the same as they have been in recent weeks. Some indicate that the seasonal peak was attained earlier this spring and receipts are now on the down side, while others continue to report increases. Cool nights and warm days have temperatures nearly ideal for spring milk production patterns. This week, milk handlers are adjusting processing schedules to include the upcoming holiday weekend. Early in the week, Class I demand was strong as bottlers prepare for retail

needs during the Memorial holiday weekend. By midweek, this bottling demand remained heavier than milk handlers anticipated and in instances, some bottlers were looking for additional milk as the weekend neared. Most milk handlers do not anticipate significant problems in handling milk volumes during the holiday weekend. Some plants will be down for a day or so, but are not having any problems in placing the days milk volume. Cream markets are basically steady with multiples also holding steady. Most cream handlers and buyers anticipate additional offerings late this week and into the weekend. Although butter inventories are heavier than last year at this time, many butter producers are more than willing to absorb the additional offerings if they have the capacity and especially if favorably priced.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 15 - 21	PREVIOUS YEAR
SLAUGHTER COWS	NOT	\$ 41.00- 47.00
REPLACEMENT HEIFER CALVES	AVAILABLE	\$550.00-750.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAY 15 - 21	PREVIOUS YEAR
SLAUGHTER COWS	\$ 47.00- 50.00	\$ 38.50- 47.50

W E S T

U.S. 20-state milk production in April increased 0.8% from a year earlier with cow numbers, compared to a month earlier, declining for the first time in six months. Cow numbers were down 11,000 head. In the Western region, all five surveyed states increased output and cow numbers grew. Output per cow, however, was negative in four of the five states. Output per cow declined 3.6% in Arizona, 0.6% in California, 0.3% in New Mexico, and 0.5% in Washington. The positive state was Idaho with output up 3.4%. The dairy trade is concerned about the news of one Alberta, Canada beef cow testing positive for BSE (mad cow disease). Not since 1871, when Mrs. O'Leary's cow supposedly started the Great Chicago Fire, has a North American cow created so much press coverage. Early analysis is that the case is isolated, but the dairy industry, consumers, and media, will be intensely watching. Imports of Canadian cattle and meat into the US have been stopped. Current milk production levels in CALIFORNIA are above a year ago, but gains are slowing. Output is being hampered by hotter and more humid temperatures reaching further northward. Milk handling over the extended holiday weekend is not expected to be a problem. Fluid milk sales are noted to be trending lower each week as more schools and colleges dismiss classes. Production plants in the state are nearly full. Cream and condensed skim are being moved out of state for processing at higher than anticipated levels. High temperatures are reaching above 100 degrees across much of ARIZONA and some record high temperatures may be set. Nights are cooling yet, which is helping the cows. However, milk production is dropping locally and the seasonal peak has passed. Processing plants are running well and continue to take milk from nearby states. Milk production levels in NEW MEXICO are holding mostly steady. Harvesting of first crop alfalfa is moving along and progressing northward. There are concerns about the effect low milk prices are having on alfalfa demand and prices. Milk is being processed through normal channels. CME butter prices are trading in a limited range. Excess cream supplies continue to clear to the churns. Ice cream usage is slightly higher, but not aggressive. Pricing on cream is moving up with the multiple higher. Western cream multiples are higher in the range from 111 to 125, FOB, depending on class usage. Forage harvest on the west side of OREGON and WASHINGTON continues to have problems. Field conditions remain too wet for efficient grazing or harvesting for green chop or silage. A further problem is that the forage is getting too mature and is losing feed value. Some milk producers are noting that output is declining more rapidly because some of the feed available is not of top dairy quality. Cow slaughter numbers indicate higher culling rates. Heifer prices range from steady to slightly firmer. Surplus milk supplies related to the upcoming holiday weekend are expected to be handled very easily. Scattered frost, down to 22 degrees last Sunday, has caused some problems with the first growth of alfalfa in UTAH and IDAHO. Many hay growers decided to cut the hay after the frost even if it was not quite ready or mature. They feel that harvesting it is the best option and will allow the second cutting to get off to an earlier start. Water supplies for most of Utah appear to be in the 60-65% of normal range. This will not be enough to allow for full season hay cutting or perhaps enough to get the corn silage crop mature. Output seems to be nearing the seasonal peak with no holiday milk problems expected.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged on a steady market. Production is steady with some anticipated increases expected over the holiday weekend. Movement is mostly contractual with some spot interest into cheese and ice cream plants for the low heat product. Stocks are in balance to somewhat long on low heat and tight on high heat NDM. Some manufacturers are running behind on their contractual high heat orders, encouraging some buyers to search for additional supplies in the coastal regions. Traders are attempting to secure sales of NDM from the CCC NDM/cheese exchange by offering at prices between 0.7000 – 0.7500 FOB. Although NDM from the exchange will not likely be available until July, traders suspect that most sales will clear domestically with some possible movement into Mexico. Whether NDM resale trades will impact current contractual arrangements between producers and buyers is not clear.

EAST: Eastern prices are steady and the market tone is little changed. However, CCC's recent award of cheese purchase contracts does carry with them a proviso to use CCC-owned NDM as partial payment for the cheese. It is speculated that this NDM will disrupt the commercial market, when shipments begin. Traders have already been approached to buy or market the powder when it is available (possibly as early as July). Early offers of this powder see prices a nickel to fifteen cents below the current support price. This week, NDM production is heavy in the East. Southeastern schools are closing and more milk is moving into manufacturing plants. In the Northeast, milk supplies are increasing and the Memorial Day could push additional volumes into butter/powder plants. Contacts expect few problems handling the milk. Producer stocks are heavier than desired and there have been reports of outside warehouses being used. Other operations continue to clear NDM to CCC. There have been reports of some tightness on the availability of "G bags," which could slow offerings. Demand for NDM is lackluster, at best. Spot orders are relatively light as most buyers have enough contracted to meet their needs. Also, some buyers are waiting for the "cheese NDM" to hit the market. Most contacts agree that this program, when under way, does not bode well for the commercial NDM market and will likely force more current output to CCC.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .8000 - .8750 MOSTLY: .8000 - .8450
 HIGH HEAT: .8600 - .9150

NONFAT DRY MILK - WEST

There are no price changes this week for low/medium heat NDM in the West. Price changes have been limited for many months as the market tone remains weak and sales supplemented by the CCC support program. Marketings are hard to move at prices much above the support price of 80 cents. There appears to be additional pressure to the NDM market because of offerings of totes and the beginnings of negotiations of the NDM-for-cheese powder. Current production remains active to process milk volumes. Condensed skim is moving out of the region to find processing. During the week of May 12 - 16, CCC net purchases totaled 15.6 million pounds of NDM from Western producers. High heat NDM prices are slightly higher on the top end of the range. Demand remains mixed among producers – several are seeing improved seasonal demand but others are not reaping the economies of high heat marketing. Current stocks are available for spot and contract needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .7900 - .8875 MOSTLY: .7950 - .8075
 HIGH HEAT: .8200 - .8450

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 16	\$.8009	14,352,961	Not available
May 9	\$.8011	16,241,643	9,274,760

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and

DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower on a steady to weak market. Interest in dry buttermilk is generally lackluster. Most producers continue to pine for summer weather conditions that may then induce better ice cream consumption and production. However, some traders believe that seasonal buttermilk movement into ice cream may no longer exist, especially with ambiguous NDM markets and surplus buttermilk stocks. Condensed buttermilk movement is good, encouraging reduced dryer schedules at some locations. However, anticipated increases in milk and cream over the holiday weekend are expected to encourage heavier buttermilk production in the short-term.

F.O.B. CENTRAL: .6800 - .6900

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone is unchanged. Eastern prices are nominal. Spot trading activity remains limited. Few producers and/or traders are moving much powder on the spot market. Contract sales are clearing some product. Sales of condensed clear a majority of the available buttermilk, a typical pattern for this time of year. Despite the growing volumes of surplus milk, most dryers do have dryer time to process buttermilk, if needed. Plant stocks are fairly well balanced, but growing.

F.O.B. NORTHEAST: .6800 - .7100
 DELVDSOUTHEAST: .7000 - .7550

DRY BUTTERMILK - WEST

There continues to be downward pricing pressure on the Western dry buttermilk market. The general tone remains weak. Producer offerings are available and reductions in prices are not stimulating sales. Off-spec product is also slow to move. Buyer interest is light. Inventory levels are long in the region.

F.O.B. WEST: .6500 - .7300 MOSTLY: .6800 - .7000

DRY WHOLE MILK - NATIONAL

Prices are steady and remain nominal. Spot trading activity is limited, as most sales are contractual. The market tone is steady. Production levels are lighter as more producing plants expect to be busy processing skim during the holiday weekend. Plant stocks are closely balanced.

F.O.B. PRODUCING PLANT: 1.0325 - 1.1500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2002 THROUGH MAY 16, 2003
 WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	–	68,201	MT (150,355,592 LBS)
Program's NDM allocation is filled.			
CHEESE	–	3,029	MT (6,677,733 LBS)
BUTTERFAT	–	5,000	MT (11,023,000 LBS)

Allocations for the DEIP year beginning July 1, as announced September 13: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT. This program-year's allocations have been announced in stages. The third stage was announced on February 25, 2003, and makes available 25,575 MT of NDM, 1,136 MT of cheese, and 5,000 MT of butterfat. This announcement fills the NDM and cheese allocations for this DEIP-year.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are lower on a weak market. Buyers and producers agree that the market has not yet bottomed, yet an end is reportedly near. Although heavier milk supplies are expected over the holiday weekend, most manufacturers are not anticipating any increased production in dry whey as most facilities are already operating at capacity. Interest in multiple loads is improved with some brokers taking a position at the lower end of the range. Sales of individual spot loads are light with trading occurring near the average. Most buyers are making purchases only on an as needed basis. Condensed whey is readily available for the light interest.

F.O.B. CENTRAL: .1250 - .1500 MOSTLY: .1375 - .1425

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are little changed this week. The market tone remains weak, but fewer reports of discounted prices have been noted. Demand is not yet sufficient to allow producers to move prices higher. In fact, some producers are happy to clear the product they are making. Domestic sales are steady at best, but the weaker dollar against the Euro and other currencies is making U.S. whey powder a little more attractive to some buyers. Production levels range from moderate to heavy in the East as more surplus milk is available to cheese makers. However, some cheese makers are limiting the volumes of milk they are taking in during this flush and holiday weekend. There have been reports that condensed whey is not as plentiful as it has been, a sign that some plants are not pushing as much milk through their plants as they have been. Spot, domestic demand for dry whey is lackluster. Traders continue to comment on how slow or inactive the market continues to be.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .1450 - .1700
DELVD SOUTHEAST: .1650 - .1800

DRY WHEY - WEST

Western whey powder range prices are fractionally lower while the mostly series held steady. There continues to be a general weak undertone to the market. However, some contacts report that sales activity is improving somewhat because of the historically low prices currently noted. They also report that the weakness in the U.S. dollar versus many foreign currencies is helping with some additional export movement. Other contacts are not sure if there is reason to see any light at the end of the tunnel yet and believe that prices still may move lower. Overall stock levels are not quite as bad as they have been, but immediate shipments are available from most operations. A further concern is the problems noted in the WPC markets and plants there trying not to process whey solids, but ship them to other manufacturers.

NONHYGROSCOPIC: .1250 - .1550 MOSTLY: .1300 - .1400

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged on a weak market. Supplies are available for the light interest. Many buyers are diverting their interest to the Extra Grade market given the attractive price for a better quality product. Reports of BSE in Canada may encourage greater interest in dry dairy products for animal feed as US domestic producers will not have to compete with Canadian imports of veal and milk replacer products. However, demand for dairy related products is highly dependent on consumer perception of BSE. Veal and pig markets are generally trending steady.

F.O.B. CENTRAL:
MILK REPLACER: .1250 - .1300

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on a weak market. Brand specific producers, with much of their production contracted, continue to gain a premium on spot sales and report limited supplies. Plants that are able to product differentiate away from 34% and 80% markets are also in better balance. However, at other locations, production is increasing and stocks are building. WPC 80% remains a competitive substitute to WPC 34%. Some feed buyers are reluctant to purchase additional supplies until prices settle. Export movement into edible markets is noted into Canada and Mexico. Inquiries as to whether the CCC will again release NDM for non-human consumption are also noted. CCC intentions are unknown and thus a concern for some producers, especially with the initial untoward results of the 2003 NDM for drought program and the reduced NDM prices reported on the CCC NDM/cheese exchange and NDM for non-human consumption. Although NDM is not a direct substitute for WPC into edible applications, feed users are well versed in using either product. Off grade WPC supplies of 80% or 34% are readily available for the light interest at prices that vary with the quality.

F.O.B. EXTRA GRADE 34% PROTEIN: .4100 - .4725 MOSTLY: .4375 - .4575

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a firm market. Some producers are anticipating prices to increase before the end of the second quarter. Inquiries are reportedly heavy from Asia and the EU. Increased demand may be due to reduced production of lactose in the EU. The weaker dollar in comparison to some foreign currencies may also encourage lactose sales. Inventories are in balance to tight while production is steady to higher as some locations take in additional permeate supplies. Some manufacturers cannot offer lactose on a spot basis until the end of June. Domestic interest is noted from pharmaceutical and feed operations. Off grade supplies are limited for the good interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1600 - .2350 MOSTLY: .1700 - .1900

CASEIN - NATIONAL

Casein prices are generally unchanged with the market tone remaining firm. Stocks of both rennet and acid are reported to be arriving as contracted, although some buyers are concerned about casein production reports coming from some of the sourcing countries. Domestic casein buyers are very curious how much government owned skim milk powder might be sold back to the trade for the production of casein/caseinates, if any at all. Letter offers for this eighth round are due by June 2. Under Invitation #007 in April, no bids were received.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.9500 - 2.1500
ACID: 1.9500 - 2.0500

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels remain heavy as surplus milk volumes grow in more parts of the country. Producers' inventories are building at most facilities. Most producers are trying to take advantage of all the reasonably priced surplus milk that is currently available. The market remains highly competitive. The Kansas City Commodity office announced the award of indefinite quantity contracts for evaporated milk under EVD-1, invitation 760 for delivery July - September 2003. The award is for 5,581,440 pounds at prices ranging \$0.3600-\$0.4310 per pound.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.00 - 30.00
Excluding promotional and other sales allowances. Included new price announcements.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	05/07	05/08	05/09	05/12	05/13	05/14	05/15	05/16	05/19	05/20
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
MAY 03	9.84 (3861) 360	9.84 (3798) 85	9.82 (3703) 115	9.77 (3512) 167	9.75 (3492) 42	9.72 (3415) 112	9.71 (3290) 45	9.68 (3290) 20	9.68 (3291) 0	9.68 (3156) 254
JUN 03	10.27 (4263) 111	10.47 (4249) 122	10.55 (4292) 146	10.35 (4296) 113	10.13 (4292) 165	9.97 (4299) 115	9.95 (4220) 299	9.95 (4212) 50	9.96 (4213) 1	9.97 (4200) 46
JUL 03	10.87 (3719) 147	11.15 (3773) 166	11.20 (3818) 134	11.01 (3879) 153	10.64 (3883) 182	10.51 (3892) 87	10.65 (3818) 136	10.68 (3798) 156	10.90 (3913) 167	10.92 (3813) 119
AUG 03	11.40 (3229) 84	11.62 (3219) 115	11.65 (3226) 73	11.34 (3236) 70	11.10 (3288) 139	11.02 (3291) 80	11.03 (3312) 154	11.10 (3271) 82	11.36 (3248) 126	11.45 (3243) 9
SEP 03	11.98 (3179) 32	12.10 (3188) 116	12.07 (3215) 72	11.93 (3199) 57	11.77 (3208) 66	11.63 (3222) 78	11.66 (3225) 62	11.73 (3237) 67	12.00 (3252) 87	12.00 (3255) 55
OCT 03	12.01 (2651) 39	12.15 (2679) 105	11.90 (2692) 36	11.96 (2683) 39	11.76 (2677) 77	11.67 (2689) 59	11.70 (2694) 5	11.80 (2695) 56	12.00 (2703) 75	12.01 (2704) 4
NOV 03	11.84 (2046) 72	12.00 (2061) 92	12.00 (2058) 53	11.90 (2042) 24	11.80 (2042) 57	11.70 (2041) 58	11.79 (2042) 12	11.79 (2033) 64	12.00 (2069) 84	12.15 (2073) 11
DEC 03	11.68 (1663) 55	11.73 (1676) 48	11.69 (1686) 32	11.70 (1677) 37	11.63 (1673) 17	11.53 (1680) 65	11.59 (1657) 36	11.60 (1643) 86	11.75 (1684) 66	11.90 (1686) 4
JAN 04	11.64 (295) 12	11.70 (298) 6	11.69 (311) 23	11.71 (316) 5	11.60 (316) 5	11.50 (331) 44	11.56 (314) 21	11.57 (325) 16	11.67 (349) 34	11.75 (350) 2
FEB 04	11.59 (236) 12	11.65 (239) 7	11.60 (250) 24	11.68 (253) 3	11.62 (253) 0	11.57 (283) 45	11.65 (265) 21	11.64 (270) 7	11.64 (301) 33	11.70 (304) 8
MAR 04	11.55 (151) 6	11.55 (154) 5	11.50 (156) 16	11.45 (157) 1	11.35 (157) 0	11.30 (177) 47	11.35 (169) 23	11.37 (169) 0	11.37 (174) 9	11.45 (176) 2
APR 04	11.44 (106) 1	11.44 (109) 6	11.43 (113) 19	11.40 (113) 0	11.40 (113) 0	11.35 (136) 36	11.40 (132) 25	11.42 (129) 3	11.45 (133) 4	11.45 (137) 4
MAY 04	11.50 (94) 1	11.50 (97) 4	11.49 (102) 5	11.49 (102) 0	11.49 (102) 0	11.44 (122) 40	11.48 (122) 23	11.49 (122) 0	11.49 (127) 7	11.50 (129) 2
JUN 04	11.75 (88) 3	11.75 (93) 11	11.75 (98) 5	11.75 (98) 0	11.75 (98) 0	11.65 (121) 23	11.65 (123) 2	11.65 (123) 0	11.68 (127) 4	11.68 (127) 0
JUL 04	12.15 (74) 2	12.15 (75) 7	12.15 (76) 1	12.15 (78) 2	12.15 (86) 8	12.00 (112) 27	12.07 (112) 0	12.10 (113) 1	12.11 (123) 12	12.14 (123) 1
AUG 04	12.25 (59) 33	12.35 (60) 3	12.35 (61) 1	12.30 (63) 3	12.35 (71) 8	12.20 (94) 23	12.20 (94) 0	12.21 (94) 10	12.28 (96) 2	12.24 (96) 0
SEP 04	12.45 (43) 7	12.60 (45) 2	12.60 (46) 1	12.60 (48) 2	12.60 (56) 8	12.50 (76) 20	12.50 (80) 4	12.50 (93) 15	12.59 (95) 2	12.55 (96) 1

CME - (CLASS IV) MILK FUTURES - Dollars per cwt.

MAY 03	10.15 (8) 0	10.15 (8) 0	10.15 (8) 0	10.15 (8) 0	10.15 (8) 0	10.15 (8) 0	10.15 (8) 0	10.15 (8) 0	10.15 (8) 0	10.15 (8) 0
JUN 03	10.15 (5) 0	10.15 (5) 0	10.15 (5) 0	10.15 (5) 0	10.15 (5) 0	10.15 (5) 0	10.15 (5) 0	10.15 (5) 0	10.15 (5) 0	10.15 (5) 0
JUL 03	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0	10.17 (11) 0
AUG 03	10.15 (36) 0	10.15 (36) 0	10.15 (36) 0	10.15 (36) 0	10.15 (36) 0	10.15 (36) 0	10.15 (36) 0	10.15 (36) 0	10.15 (36) 0	10.15 (36) 0
SEP 03	10.20 (25) 0	10.20 (25) 1	10.15 (25) 2	10.15 (25) 0	10.15 (25) 0	10.15 (25) 0	10.15 (25) 0	10.15 (25) 0	10.15 (25) 0	10.15 (25) 0

CME - BUTTER FUTURES -- Cents per pound

MAY 03	109.00 (191) 0	109.00 (181) 3	109.00 (114) 0	109.00 (105) 0	109.02 (61) 12	109.25 (54) 0	109.25 (56) 6	109.02 (42) 0	109.27 (53) 15	109.60 (43) 0
JUL 03	112.50 (512) 0	112.50 (512) 0	112.50 (512) 0	112.50 (512) 0	112.75 (512) 31	112.50 (511) 1	112.00 (508) 8	112.00 (508) 0	112.50 (529) 21	113.75 (531) 2
SEP 03	115.00 (372) 4	115.25 (377) 5	115.50 (381) 4	115.50 (387) 6	115.50 (401) 36	115.00 (401) 0	115.00 (401) 0	115.00 (401) 0	115.25 (408) 10	116.75 (412) 6
OCT 03	116.25 (280) 1	116.75 (280) 0	116.75 (280) 0	116.75 (280) 0	116.75 (280) 0	116.75 (280) 0	116.50 (280) 0	116.50 (280) 0	116.50 (282) 4	117.00 (282) 0
DEC 03	117.00 (81) 0	117.00 (81) 0	117.00 (81) 0	117.00 (81) 4	118.00 (81) 0	118.00 (81) 0	118.00 (81) 0	118.00 (81) 0	118.00 (84) 5	119.00 (84) 0
MAR 04	126.75 (43) 0	126.75 (43) 0	126.75 (46) 4	129.00 (46) 0	129.00 (46) 0	129.00 (47) 1	128.00 (47) 0	128.00 (47) 0	128.00 (52) 5	129.00 (52) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered May 12 - 23, 2003

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Milk production patterns throughout Europe are seasonally strong. In most countries, milk output is at or continues to increase toward the seasonal peak, although in some areas, milk handlers are reporting lighter receipts which may indicate that the seasonal peak has been attained. Some milk handlers state that looking at a calendar, milk production usually is at peak levels at this time of the year and very possibly past that point in some regions. The major topic of discussion in the European dairy market is the firm Euro in relationship to the U.S. dollar. Early in the week, the exchange rate for the Euro was very near the level it was when introduced in January 1999. This firmness is causing already slow sales out of Europe to become even slower. Last week, The EU Management Committee increased the export subsidy for skim milk powder from 510 Euros to 600 Euros (+18%). Many traders and handlers were lobbying the Committee for export subsidy increases to hopefully help stimulate international buyer interest for European sourced dairy products. They were initially pleased with the skim powder adjustment, but the continued firmness of the Euro has basically absorbed that adjustment already. Most feel that additional adjustments may and hopefully will be forthcoming for skim and full cream milk powders. At this point, international sales remain light and unaggressive. Traders feel as long as the Euro remains strong, buyers may continue to hold off placing orders until at least this factor stabilizes. Many traders and handlers feel that the firm Euro will remain so for the near term, thus they will need to adjust pricing structures and to reflect this factor. Seasonally strong milk production is generating increasing volumes of unsold dairy products. Since March 1 and through May 15, intervention offerings of skim milk powder were at 28,210 mt. This 2 1/2 month figure compares to 54,270 mt during the same period last year. Also through mid May, PSA butter offerings total 50,000 mt compared to 66,000 mt for the comparable 3 month (February 15 - May 15) period last year.

BUTTER/BUTTEROIL: European butter markets and prices are steady. Stocks of butter are reported to be increasing as seasonal production remains strong. Sales activity continues to center around domestic needs with international buying interest slow. European traders and handlers are curious to see what buyer interest will be generated following the announcement by USDA which allocated another 5,000 mt of butterfat under the DEIP program. This brings the total to around 10,000 mt thus far during the July 1, 2002 - June 30, 2003 DEIP year from a total allocation of 21,097 mt.

82% BUTTERFAT:	1,250 - 1,300
99% BUTTERFAT:	1,550 - 1,650

SKIM MILK POWDER (SMP): Skim milk powder markets and prices are generally steady. The 18% increase in the export subsidy which occurred last week is having little effect on skim powder sales from Europe. Traders and handlers were lobbying the Commission for this change in light of the firm Euro of recent weeks, although most of the increase has already been absorbed by continued firmness in the Euro since the change. Early in the week, the exchange rate of the Euro against the U.S. dollar was very near the level the Euro was when introduced in January 1999.

1.25% BUTTERFAT:	1,700 - 1,750
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WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady at unchanged prices. Buying interest remains slow. Many producers and handlers are voicing their concerns about the firm Euro to the EU Management Committee in hopes of an export subsidy adjustment which hopefully would stimulate international buyer interest. At this time, traders feel that international sales are being further slowed by the firmness of the Euro.

26% BUTTERFAT:	1,650 - 1,700
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SWEET WHEY POWDER: European whey prices are steady to lower with a weak market tone. Cheese production is seasonally strong thus whey volumes are increasing. Demand for whey is basically centered around internal needs with international sales reported as slow. Traders and handlers report that the international sales outlook is not very positive, thus stocks will probably increase and prices will probably continue to ease.

NONHYGROSCOPIC:	375 - 425
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OVERVIEW: EASTERN EUROPE: Milk production patterns in Eastern Europe are reported to be seasonally increasing. Weather conditions are favorable for steady production growth. Some recent rainfall in many areas of the region is contributing to good pasture growth. Traders and handlers of Eastern European dairy products indicate that sales remain slow, although a firm Euro in Western Europe might allow some buyer interest to be filled from this region. Stocks are available.

OCEANIA

OCEANIA OVERVIEW: Autumn weather pattern are very prevalent in the Oceania region, although mixed conditions are being reported. In New Zealand, temperatures have been warmer than in recent years and moisture is lighter. These conditions are concerning dairy producers as moisture during the fall/winter time of the year is needed to ready pastures for spring growth. For the most part, the 2002 - 2003 milk production season has now ended and reports of a 2% increase over last season continue to occur. Although the most recent production season has just concluded, producers and handlers are already looking forward to the new season which is still three months away. Most of the uncertainty at this time is lack of moisture. Low water tables and reservoir volumes have quite a ways to go before producers and handlers will become more at ease. In Australia, rainfall throughout much of country, especially in Northern Victoria, is being reported. Although the rainfall is too late for the current milk production season, moisture at this time of the year is greatly appreciated and will enhance conditions for the startup of the new production season in August/September. Production reports continue to indicate that over all milk output for Australia will be down around 10% when compared to last season. Producers and handlers are also looking toward the new production season with optimism. Most are not anticipating significant gains, but feel that output will remain steady with the current year and hopefully increase by 1 - 2%. Handlers also indicate that it will probably be a few years before milk production once again attains levels of the 2001-2002 production season. Now that the milk production is at or very near seasonal low levels, orders are being filled from inventoried stocks. Handlers feel that they will have adequate volumes to meet commitments, but will have very little, if any at all, available for spot buyer interest. At this time, the recent subsidy adjustment announcement for skim milk powder in Europe is having little impact on product prices out of the Oceania region. Firm currencies against the U.S. dollar are probably more of a concern versus supply/demand. Strong New Zealand and Australian dollars are not impacting current shipments, but producers and handlers indicate that firm exchange rates will have potential impact on farmgate and product prices for the new season.

BUTTER: Oceania butter markets are steady at unchanged prices. Seasonal production has now basically ended, thus current and future shipments are being filled from inventoried stocks. Handlers report that supplies are in close balance with needs and most feel that there will be minimal, if any, available stock for spot buyer interest. Many butter producers and handlers indicate that the current production season did not develop as positively as projected, although they feel that they will be able to fulfill their commitments to buyers.

82% BUTTERFAT:	1,250 - 1,275
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CHEDDAR CHEESE: Cheese markets are generally steady at unchanged prices. The cheese production season has basically come to an end in the Oceania region, thus orders are being filled from inventoried stock. Shipments to regular customers are on schedule. Producers and handlers are comfortable with their supply situation in relationship to known needs. Some Oceania producers are concerned about customer potential for next season as economic conditions and SARS in some of their major account countries could greatly influence buying ability and need.

39% MAXIMUM MOISTURE:	1,700 - 1,950
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SKIM MILK POWDER (SMP): Oceania skim powder markets are generally steady at unchanged prices. The recent export subsidy increase in Europe is having little impact on Oceania prices at this time. Oceania producers and handlers indicate that firm exchange rates against the U.S. dollar will potentially have a negative impact on farmgate milk prices and skim powder prices during the upcoming marketing year. At this time, stocks of Oceania skim powder are reported to be in close balance with current shipments occurring from inventoried stocks.

1.25% BUTTERFAT:	1,650 - 1,750
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WHOLE MILK POWDER (WMP): Oceania whole milk powder markets are generally steady with prices unchanged to slightly lower. The whole milk powder production season has basically come to an end in the Oceania region. Reported sales are light with most market activity centering around shipments of previously placed orders. Orders are being filled from inventoried stocks.

26% BUTTERFAT:	1,725 - 1,750
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Exchange rates for selected foreign currencies: May 19, 2003

.7340 Canadian Dollar	.0213 Indian Rupee
.3431 Argentina Peso	.5839 New Zealand Dollar
.0966 Mexican Peso	.6548 Australian Dollar
.2693 Polish Zloty	.0085 Japanese Yen
	1.1663 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0966) = 10.3520. That is 1 US Dollar equals 10.3520 Mexican Pesos.

Source: "Wall Street Journal"

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

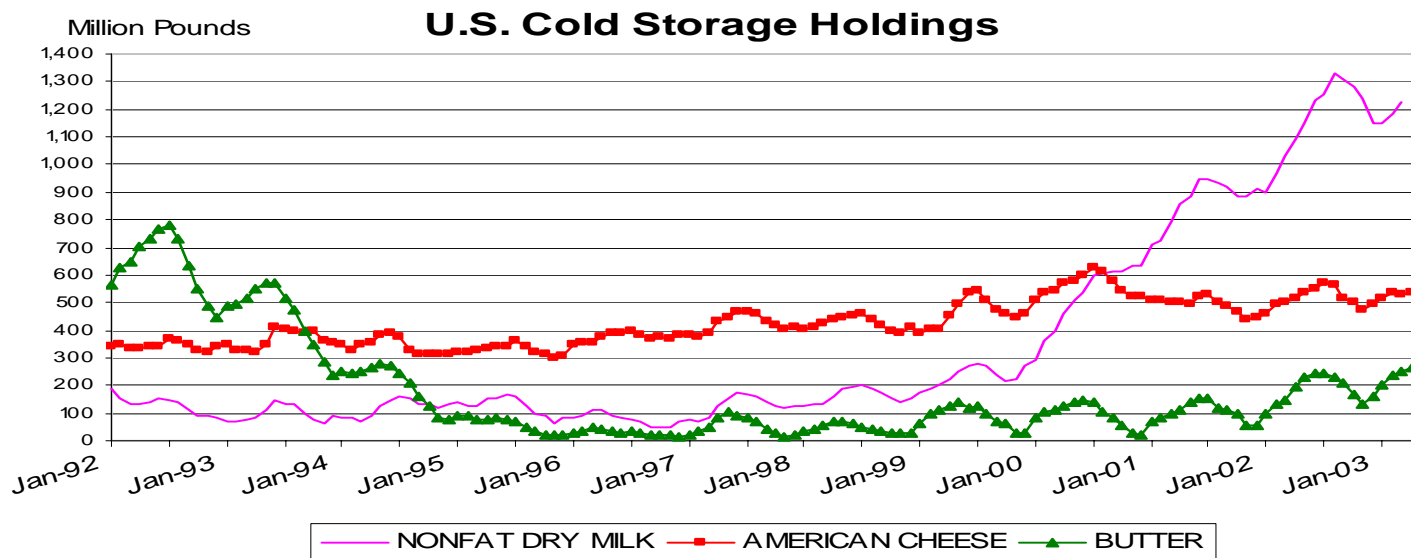
All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	MAR 31, 2001	MAR 31, 2002	REVISED MAR 31, 2003	APR 30, 2001	APR 30, 2002	APR 30, 2003
Butter	96,208	145,160	248,620	112,318	196,614	265,287
Cheese, Natural American	500,430	498,290	530,000	502,951	513,576	534,125
Cheese, Swiss	12,680	12,880	25,323	12,340	15,729	24,247
Cheese, Other Natural	198,517	220,552	215,154	196,474	236,327	221,429
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	717	1,323	773	623	2,063	862
Natural American Cheese	1,955	733	1,602	1,986	626	2,974

APRIL STORAGE HOLDINGS BY REGION

REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2001	2002	2003	2001	2002	2003	2001	2002	2003
New England	23,490	20,488	21,422	---	---	---	415	429	204
Middle Atlantic	53,785	64,059	60,254	---	---	---	17,130	40,248	17,260
East North Central	221,677	193,489	217,653	---	---	---	105,744	116,977	129,418
West North Central	99,197	126,448	124,421	---	---	---	56,627	66,684	56,263
South Atlantic	6,235	182	118	---	---	---	196	171	1,748
East South Central	0	110	269	---	---	---	156	183	1,834
West South Central	529	3,544	1,372	---	---	---	530	280	208
Mountain	11,555	9,500	13,536	---	---	---	5,446	2,175	1,961
Pacific	86,483	95,756	95,080	---	---	---	10,230	9,180	12,533
TOTAL	502,951	513,576	534,125	112,318	196,614	265,287	196,474	236,327	221,429

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2002 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	Million Pounds						Million Pounds						Million Pounds					
January	203	99	202	99	<u>3/</u>	<u>3/</u>	512	460	512	459	<u>3/</u>	1	1,147	900	112	120	1,036	780
February	238	130	237	129	1	1	538	491	538	490	<u>3/</u>	1	1,187	966	116	142	1,071	823
March	249	145	248	144	1	1	530	498	528	498	2	1	1,228	1,028	117	158	1,111	871
April	265	197	264	195	1	2	534	514	531	513	3	1		1,093		161		933
May		227		225		2		536		535		1		1,146		166		981
June		243		241		2		549		548		1		1,235		174		1,062
July		245		243		2		573		573		1		1,254		138		1,116
August		229		227		2		565		565		<u>3/</u>		1,327		109		1,218
September		209		207		2		513		512		1		1,308		85		1,223
October		165		163		2		501		500		1		1,279		79		1,200
November		136		135		1		474		474		<u>3/</u>		1,238		87		1,151
December		158		157		1		493		493		<u>3/</u>		1,148		101		1,047

NA – Not Available.

1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Mar 31, 2001	Mar 31, 2002	Mar 31, 2003	Apr 30, 2001	Apr 30, 2002	Apr 30, 2003
	Thousand Pounds					
Butter	95,491	143,837	247,847	111,695	194,551	264,425
Natural American Cheese	498,475	497,557	528,398	500,965	512,950	531,151

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (5-03) and "Dairy Products," Da 2-6 (5-03), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

THE DAIRY SITUATION AND OUTLOOK

Adjustments to Low Dairy Prices Start Too Late To Help 2004 - The very low prices of 2002 and 2003 probably will generate substantial adjustments in production and use of milk and dairy products. However, initial adjustments have been very slow to begin and quite modest, failing to develop much momentum. At this pace, considerable time will be needed for enough slowing in production and recovery in use to eat away the current surplus and commercial stocks. First projections of 2004 dairy markets show only a slight rebound from this year's very low prices.

Milk cow numbers are expected to start declining soon from their winter high. With ample replacement heifers now available, most of the earlier farm expansions probably have been brought up to capacity. Relatively few farms will be in a position to begin new expansions based on recent returns, and these farms may buy discounted existing units rather than build new ones. On the other hand, the exit of dairy farms due to low returns may be on the verge of picking up. Direct payments under the Milk Income Loss Contracts (MILC) have sufficiently augmented savings from 1998-2001 returns to enable many small producers to persist so far. However, the MILC payments can only offset a small share of the milk price drops and probably only delay, not forestall, exit of these farms. By the start of 2004, milk cow numbers are projected to be about 1 percent below a year earlier, with declines widening to almost 2 percent for most of the year. These would be the largest decreases since the early nineties.

Concentrate feed prices are projected to ease in 2004, and milk-feed price ratios are expected to be a bit more favorable than in 2003, although still very low. A return to more normal culling, the renewed exit of farms with low herd averages, and a slightly less conservative approach to concentrate feeding should aid recovery in milk per cow growth. Output per cow is projected to rise more than 2 percent (on a daily average basis) in 2004, following generally weak performance during 2001-03. Adequate supplies of good forage will again be key to milk per cow prospects, because current stocks of dairy-quality forage probably are marginal. The expected one-half percent rise in 2004 milk production would be far less than the 1.7-percent average during 1997-2002 and below normal growth in dairy product demand. Fractional increases in milk production have been somewhat unusual in recent years, with changes tending to either sizable increases or declines.

Dairy Demand Fails To Catch Fire - Commercial use of dairy products is expected to grow fairly briskly in 2004. The much lower prices should progressively stimulate sales, particularly in the restaurant and food processor markets. However, growth in dairy demand is not likely to fully recover from the 2002-03 slippage. Although the economy is expected to grow, there are a number of lingering weak spots and a seeming lack of vigor. Also, consumers evidently have shifted spending away from food.

Similar to adjustments in milk production, gains in dairy product sales have not developed much momentum. Increases in winter use appeared solid but were not very dramatic. Growth is not accelerating much and may be vulnerable to any significant strengthening in dairy prices. Considerably more robust demand, probably centered around cheese, likely would be needed during coming months to make much difference in 2004 prices. Commercial stocks at the start of 2004 are projected to still be heavy, although probably not as large as during most of 2002 and early 2003. These stocks will buffer the price effects of slowing milk production and recovering sales. Similarly, the surplus of skim solids probably will be large enough to prevent any substantial increases in skim solids prices and to limit potential rises in cheese prices. However, the skim solids surplus is projected to fall to the lowest level since 1998. Meanwhile the surplus of milkfat is expected to be near this year's modest level.

In 2003, farm milk prices are expected to fall \$0.50 to \$1.00 from 2002's already low \$12.19 per cwt. Unless the pace of market adjustments accelerates quickly in coming months, the recovery in 2004 farm milk prices does not seem likely to offset the 2003 decline, let alone the earlier drops.

SOURCE: "Livestock, Dairy, and Poultry Outlook", LDP-M-107, May 16, 2003, Economic Research Service, USDA. For more information, contact James J. Miller, (202) 694-5184.

APRIL MILK PRODUCTION

Milk production in the 20 major States during April totaled 12.7 billion pounds, up 0.8 percent from April 2002. March revised production, at 13.0 billion pounds, was up 1.2 percent from March 2002. The March revision represented a decrease of 0.2 percent or 27 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major States averaged 1,625 pounds for April, 4 pounds above April 2002.

The number of cows on farms in the 20 major States was 7.80 million head, 42,000 head more than April 2002, but 11,000 head less than March 2003.

APRIL 2003 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2002	2003	2002	2003	2002	2003	% CHANGE FROM 2002
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	144	150	2,195	2,115	316	317	0.3
CA	1,635	1,695	1,795	1,785	2,935	3,026	3.1
FL	151	146	1,455	1,465	220	214	-2.7
ID	382	395	1,740	1,800	665	711	6.9
IL	115	111	1,610	1,610	185	179	-3.2
IN	152	145	1,480	1,530	225	222	-1.3
IA	209	203	1,585	1,610	331	327	-1.2
KY	123	120	1,240	1,130	153	136	-11.1
MI	296	300	1,675	1,695	496	509	2.6
MN	490	475	1,510	1,485	740	705	-4.7
MO	138	130	1,325	1,325	183	172	-6.0
NM	295	315	1,815	1,810	535	570	6.5
NY	680	684	1,520	1,510	1,034	1,033	-0.1
OH	262	261	1,470	1,490	385	389	1.0
PA	581	582	1,600	1,575	930	917	-1.4
TX	309	312	1,585	1,640	490	512	4.5
VT	154	150	1,495	1,495	230	224	-2.6
VA	120	118	1,410	1,330	169	157	-7.1
WA	247	248	1,910	1,900	472	471	-0.2
WI	1,275	1,260	1,475	1,495	1,881	1,884	0.2
20 STATE TOTAL	7,758	7,800	1,621	1,625	12,575	12,675	0.8

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (5-03), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, APRIL

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for April have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During April, about 10.5 billion pounds of milk were received from producers. This volume of milk is 4.5 percent lower than the April 2002 volume. (Taking into account the volume of milk not pooled due to intraorder disadvantageous price relationships, the year-to-year change is -3.8 percent.) About 3.8 billion pounds of producer milk were used in Class I products, 0.8 percent lower than the previous year. The timing of the Easter season, as well as calendar composition, likely had a negative impact on milk used in Class I in 2003 as compared to 2002. The all-market average Class utilization percentages were; Class I = 36%, Class II = 10%, Class III = 43%, and Class IV = 11%. The weighted average statistical uniform price was \$10.75 per cwt., \$0.06 higher than last month, and \$1.51 lower than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF APRIL 2003										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>2/</u>
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	2,109.3	-5.9	870.8	-0.2	41	18	28	13	11.45
Appalachian (Charlotte)	005	549.2	-10.5	363.9	-1.4	66	15	10	9	12.04
Southeast (Atlanta)	007	636.0	-13.3	384.1	-4.4	60	10	23	7	11.81
Florida (Tampa)	006	269.4	11.8	209.5	-0.9	78	7	8	7	12.96
Mideast (Cleveland)	033 <u>3/</u>	1,473.3	-5.4	533.1	-0.8	36	15	43	6	10.47
Upper Midwest (Chicago)	030 <u>3/</u>	1,862.8	4.7	338.1	-1.6	18	3	77	2	9.87
Central (Kansas City)	032 <u>3/</u>	1,462.8	-6.1	400.9	-1.8	28	7	57	8	10.22
Southwest (Dallas)	126	703.6	-19.9	342.0	1.2	48	18	5	29	11.19
Arizona-Las Vegas (Phoenix)	131	280.1	0.2	81.6	4.0	29	6	35	30	10.34
Western (Salt Lake City)	135 <u>3/</u>	563.9	13.8	91.7	6.2	16	5	77	2	9.95
Pacific Northwest (Seattle)	124 <u>3/</u>	625.7	-4.9	175.5	0.4	28	6	34	32	10.21
ALL MARKET AVERAGE OR TOTAL	<u>3/</u>	10,536.1	-4.5	3,791.3	-0.8	36	10	43	11	10.75

1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform (blend) price in these markets, handlers elected not to pool an estimated 230 million pounds of milk that normally would have been associated with these markets. In April 2002, the estimated not-pooled volume of milk was 160 million pounds. After adjusting for these not-pooled volumes, the year-to-year percent change is -3.8.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MAY 19 - 23, 2003			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 05/16/03	SAME PERIOD LAST YEAR
BUTTER							
Bulk	994,171	-0-	994,171	10,620,040	-0-	-0-	-0-
Packaged	369,360	-0-	369,360	1,067,040	-0-	-0-	-0-
TOTAL	1,363,531	-0-	1,363,531	11,687,080	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	6,232,244	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	5,545,706	-0-	-0-	-0-
Process	198,000	79,200	118,800	27,640,800	-0-	-0-	-0-
TOTAL	198,000	79,200	118,800	39,418,750	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfort	13,244,810	948,603	12,296,207	455,288,954	428,758,561	N.A.	1,003,301,000
Fortified	-0-	-0-	-0-	125,332	-0-	N.A.	46,391,000
TOTAL	13,244,810	948,603	12,296,207	455,414,286	428,758,561	N.A.	1,049,692,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MAY 19 - 23, 2003 =	33.5	144.5	COMPARABLE PERIOD IN 2002 =	4.0	212.8
CUMULATIVE SINCE OCTOBER 1, 2002 =	718.8	5,692.7	CUMULATIVE SAME PERIOD LAST YEAR =	94.3	4,990.7
CUMULATIVE JANUARY 1 - MAY 23, 2003 =	644.7	4,427.1	COMPARABLE CALENDAR YEAR 2002 =	77.4	4,094.8

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF MAY 19 - 23, 2003 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	118,800	895,462	-0-
WEST	994,171	369,360	-0-	-0-	-0-	-0-	10,296,418	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	1,104,327	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/02 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02
CENTRAL	-0-	-0-	27,852,372	-0-	16,959,735	20,767,902	36.3	4.9
WEST	11,687,080	-0-	11,566,378	-0-	411,657,765	377,374,498	62.9	88.0
EAST	-0-	-0-	-0-	-0-	26,796,786	30,616,161	0.8	7.1
TOTAL	11,687,080	-0-	39,418,750	-0-	455,414,286	428,758,561	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 05/03/03 & Comparable Week 2002

Regions* (000 HEAD)											U.S. TOTAL		% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2003-Dairy	0.2	0.7	7.4	4.5	21.1	2.1	0.4	0.9	12.8	3.3	53.4	1,023.4	47.7	49.5
2002-Dairy	0.2	0.7	6.3	4.6	17.7	1.9	0.5	0.8	11.1	2.5	46.3	892.4	47.1	47.2
2003-All cows	0.2	0.9	9.7	13.8	32.2	15.0	14.8	3.4	15.1	6.7	111.9	2,068.3		
2002-All cows	0.2	0.8	8.5	12.5	26.6	12.4	14.5	3.3	14.1	5.7	98.4	1,888.7		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74

FEDERAL MILK ORDER CLASS PRICES FOR 2003 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	10.56	10.23	9.81	9.64	9.71	9.74						
II	11.29	10.66	10.54	10.44								
III	9.78	9.66	9.11	9.41								
IV	10.07	9.81	9.79	9.73								

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm03/mib/cls_prod_cmp_pr.htm